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T H E H O G S I T U A T I O N

Summary

The seasonal increase in hog marketings now in progress probably will continue into June, according to the Bureau of Agricultural Economics. Marketings of fall pigs are expected to get underway in large volume in the next few weeks; the 1938 fall pig crop was 18 percent larger than the 1937 fall crop. The extent of the seasonal reduction in marketings after mid-summer will depend partly upon the number of sows retained for fall farrow and also upon whether a large number of spring pigs reach market weights by August as was the case last year.

Consumer demand for hog products thus far in 1939 has been stronger than in the early months of 1938. For the entire year 1939 demand is expected to be stronger than in 1938, but any improvement from present levels which may occur probably will not be great.

Prices of hogs declined during March chiefly because of the increase in hog marketings. For the week ended April 8 the average price of butcher hogs at Chicago was about \$7.10 compared with \$8.05 the last week in February. In early April last year, the weekly average price of butcher hogs at Chicago was about \$8.60.

The ratio of hog prices to corn prices has been much above average for 18 consecutive months. Except for a period of 22 months in 1921 and 1922, the past year and a half is the longest period during the last 35 years in which the ratio has been maintained at such a high level. In 1921 and 1922, when hog prices were high in relation to corn prices, a very marked increase in hog

production followed. Inspected hog slaughter increased about 35 percent from 1921 through 1923. The increase of about 15 percent in the 1938 pig crop over that of 1937 and the prospective large increase in the 1939 spring pig crop indicates that the increase in hog slaughter from 1937 through 1940 may be as large as that which occurred from 1921 through 1923.

REVIEW OF RECENT DEVELOPMENTS

BACKGROUND.- Chiefly because of the rather large increase in hog marketings, the price of butcher hogs at Chicago declined from about \$9.65 in late July to about \$7.15 in mid-December 1938. Prices were about steady in late December and early January, but rose moderately during late January and February, as marketings were seasonally reduced.

Hog prices decline in March

Prices of hogs declined during March largely because of the increase in hog marketings. For the week ended April 8, the average price of butcher hogs (barrows and gilts) at Chicago was about \$7.10 compared with \$8.05 the last week of February. Prices in early April were at the lowest level reached thus far in the current marketing year, and also were lower than at any time since late 1934.

Hog marketings increase in March

Inspected hog slaughter in March, totaling 3,229,000 head, was about 300,000 head larger than in February and it was about 600,000 head larger than in March last year. Marketings in the past month included some fall pigs, but with weights continuing relatively heavy the bulk of the marketings probably was old hogs.

In the first half of the present marketing year, which began last October, inspected hog slaughter totaled 21,733,000 head, or about 2.1 million head larger than in the first half of the 1937-38 marketing year. The increase in slaughter this year over last reflects chiefly the increase in the 1938 spring pig crop over that of 1937. The average weight of hogs thus far in the current marketing year has been about the same as a year earlier and heavier than average.

Stocks of pork reduced in March

Total storage holdings of pork on April 1 were about 4 percent less than on March 1 or on April 1 last year. April 1 stocks of pork were considerably less than average and were the second smallest for that date in the 24 years of record. Stocks of lard on April 1 were slightly larger than on March 1, and they were about the same as the 1933-37 April 1 average stocks.

At the beginning of April total stocks of pork and lard were only slightly smaller than a year earlier. During the late spring and summer, the movement of hog products out of storage usually is greater than the movement of products into storage. Since stocks were relatively small at the end of the summer of 1938, the net out-of-storage movement this summer probably will be no larger than that of last summer. Consequently, the increase over a year earlier in the quantity of pork and lard available for domestic consumption and export during the remainder of the current marketing year will reflect chiefly the increase in slaughter supplies of hogs in this period over the corresponding period of last year.

Storage holdings of pork and lard on the first of the month, specified months, average 1933-37, 1937-38 and 1938-39

Month	5-year average		1937-38		1938-39	
	1933-37					
	Pork	Lard	Pork	Lard	Pork	Lard
	Mil.lb.	Mil.lb.	Mil.lb.	Mil.lb.	Mil.lb.	Mil.lb.
Oct.	415	108	283	73	277	90
Dec.	425	80	307	34	299	74
Feb.	630	118	554	99	526	132
Mar.	647	125	583	117	542	125
Apr.	620	127	544	121	<u>1/</u> 522	<u>1/</u> 129

1/ Preliminary.

Pork and lard exports continue larger than a year earlier

Exports of both pork and lard in February were substantially larger than a year earlier, as they were in January. The February movement, however, was slightly smaller than that for January. Exports of pork totaled 8.2 million pounds in February and were the largest for the month since 1934. Lard exports, totaling 24.5 million pounds, were about 8 million pounds larger than in February last year and also were the largest for the month since 1934.

A large part of the increase in exports of lard in January and February over a year earlier was in the shipments to Great Britain. The increase in exports reflects not only the larger domestic production this year, but also the removal of the British duty of 10 percent ad valorem on lard under the trade agreement recently concluded by the United States and Great Britain. Exports of lard to Cuba in February were about 1.2 million pounds larger than in February last year.

Pork imports in February, totaling 4.1 million pounds, were larger than those of February last year, but were smaller than the imports of most other months of 1938.

OUTLOOK

The outlook for hogs has not been changed to any extent during the past month. Briefly summarized, the important points given in the March issue of The Hog Situation were as follows:

1. On the basis of breeding intentions reported by farmers last December, and feed and weather conditions since December, it is expected that the 1939 spring pig crop will be considerably larger than the spring crop of 1938. If feed crop production is near average this year, the 1939 fall pig crop also will be larger than that of last year.

2. It is not unlikely that the total pig crop (spring and fall combined) in 1939 will be about 80 million head, or about the same as the average for the 5 years before the 1934 drought. Such a pig crop this year would result in an inspected hog slaughter in the 1939-40 marketing year, beginning next October, of more than 45 million head. This would be the largest slaughter since 1932-33 and would be about the same as the 1929-33 average.

3. Hog slaughter during the remainder of the present marketing year, up to October 1, 1939, probably will continue much larger than a year earlier. Inspected slaughter this year, 1938-39, is expected to total about 40 million head. As slaughter in the first half (October-March) of the year was nearly 22 million head, slaughter in the last half of the year is likely to be about 18 million head, compared with about 15 million head in the last half of 1937-38.

Increase in marketings to continue into June

The seasonal increase in hog marketings now in progress probably will continue into June, as the market movement of 1938 fall pigs gets underway in large volume. The extent of the seasonal reduction in marketings after mid-summer will depend partly upon the number of sows retained for fall farrow and also upon whether a large number of spring pigs reach market weights and finish by August, as was the case last year.

Demand for hog products stronger than a year earlier

Consumer demand for hog products in both January and February was somewhat stronger than a year earlier, as measured by changes in the quantities taken and prices paid by consumers. In recent weeks, however, there have been some indications that the improvement in demand, which got underway last summer, was being checked. In view of the probability that incomes of consumers in 1939 will be greater than in 1938, it is expected that consumer demand for hog products for the entire year will be stronger than last year. But any further improvement in demand from present levels which may occur probably will not be great.

Hog-corn price ratio favorable for increase in hog production

Total stocks of corn on farms on April 1 were about 130 million bushels larger than a year earlier and were the largest April 1 stocks in the 13 years of record. If corn production this year is near average, total corn supplies for 1939-40 will be at least as large as supplies in the present year. Although the trend in hog prices has been downward since last summer, corn prices also have declined. Thus the relation of hog prices to corn prices has not changed much.

The ratio of hog prices to corn prices has been much above average for 18 consecutive months. Except for a period of 22 months in 1921 and 1922, the

Supplies of hogs and hog products, specified periods

- 1/ Bureau of Animal Industry.
- 2/ Represents apparent disappearance of federally inspected pork plus unrendered hog fats.
- 3/ United States Department of Commerce. Pork includes bacon, hams and shoulders, and fresh, canned, and pickled pork. Lard includes neutral lard.
- 4/ Includes gilts.

Prices of hogs and hog products, specified periods

						Oct.-Sept.		Oct.-Mar.	
						Average:			
Item	Unit	Mar.: 1938:	Feb.: 1939:	Mar.: 1939:	1928-29: to 1932-33:	1936-37:	1937-38:	1937-38:	1938-39:
				</					

1/ Not available.

2/ Number of bushels of corn equivalent in value to 100 pounds of live hogs.

3/ Monthly figures computed from weekly averages.

